



Claire McCaskill  
Missouri State Auditor

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September 2006

Seventh Judicial Circuit  
Clay County, Missouri



Office Of  
Missouri State Auditor  
Claire McCaskill

September 2006

**The following findings were included in our audit report on the Seventh Judicial Circuit, Clay County, Missouri.**

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The Clay County Circuit Court's procedures for reconciling listings of open items to available cash for the civil/criminal and traffic accounts need improvement. While an open items listing is prepared for the civil/criminal account and compared to the available cash balance, differences exist each month and court personnel have been unable to determine the cause. At December 31, 2005, the cash balance exceeded open items by approximately \$117,000. Also, a monthly open items listing is not prepared for the traffic account, which had a cash balance of \$29,335 at December 31, 2005. At our request, a listing was prepared as of December 31, 2005, and totaled \$14,319, leaving an unidentified cash balance of \$15,016. In addition, an unreconciled difference between the bank and book balances of the traffic account has existed for the past several years.

Procedures are not established to properly investigate and resolve daily cash overages and shortages. During a cash count, we identified approximately \$55 maintained in a cash box in envelopes that court personnel explained were net overages from various days' receipts, dating from 2002 to 2006. Apparently, unresolved overages and shortages in a days' receipts from any of the divisions are put into, or taken from, the cash box to reconcile the drawer's receipts to the receipt slips issued.

Procedures for collecting unpaid fines and court costs need improvement. The accrued cost listing for criminal cases consists of over 12,000 cases and totals approximately \$1,786,000, and the listing for civil cases consists of over 1,200 cases totaling approximately \$143,000. Although the circuit division does utilize various methods to ensure payment, additional efforts have not been pursued if current methods are not successful. We found the court is not following their established procedures on all applicable cases. For example, while the court indicated a defendant's license is to be suspended when a warrant is issued for failure to pay, on only one of 12 cases tested was the suspension in place. In addition, an accrued cost listing for traffic cases is not prepared. At our request, a listing as of March 31, 2006, was prepared and totaled over \$240,000 and included over 2,200 unpaid traffic tickets.

The Juvenile Division did not have formal written agreements with some companies and individuals providing services, including an off-duty sheriff's deputy provided courtroom and meeting security for \$887 and detention fees totaling \$3,634 charged to another county to hold juveniles.

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YELLOW SHEET

SEVENTH JUDICIAL CIRCUIT  
CLAY COUNTY, MISSOURI

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## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Presiding Judge and Court en banc  
and  
Circuit Clerk of the  
Seventh Judicial Circuit  
Clay County, Missouri

We have audited certain operations of the Seventh Judicial Circuit, Clay County, Missouri. The scope of this audit included, but was not necessarily limited to, the years ended December 31, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls over significant financial functions.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the judicial circuit, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, or violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the judicial circuit's management, the Office of State Courts Administrator, and Clay County and was not subjected to the procedures applied in the audit of the judicial circuit.

The accompanying Management Advisory Report presents our findings arising from our audit of the Seventh Judicial Circuit, Clay County, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

May 24, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tania Williams
Audit Staff:	Eartha Taylor, CPA
	Chris Holder
	Robert Graham

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

SEVENTH JUDICIAL CIRCUIT  
CLAY COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Circuit Divisions' Accounting Controls and Procedures</b>
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Procedures related to the preparation and reconciliation of listings of liabilities to available cash are lacking, and an unreconciled difference exists between bank and book balances in the traffic account. In addition, daily overages and shortages in collections are not investigated, but are accumulated and any net overages are kept in the vault.

A. Procedures for reconciling listings of liabilities (open items) to available cash for the civil/criminal and traffic accounts are in need of improvement.

- While an open items listing is prepared for the civil/criminal account and compared to the available cash balance, differences exist each month and court personnel have been unable to determine the cause. At December 31, 2005, the cash balance exceeded open items by approximately \$117,000. The previous month the difference was approximately \$124,000, and at December 31, 2004, the difference was approximately \$44,500.
- A monthly open items listing is not prepared for the traffic account. At December 31, 2005, the traffic account had a balance of \$29,335. Court personnel indicated that while the computer system was capable of producing a monthly listing of liabilities, such a listing had not been prepared in the past. At our request, an open items listing was prepared as of December 31, 2005, which totaled \$14,319, leaving an unidentified cash balance of \$15,016.

The periodic reconciliation of liabilities with the account balance provides assurance the records are in balance and that sufficient cash is available to meet liabilities. Monthly listings of open items are necessary to ensure accountability over open cases. Open-items listings should also be prepared timely and reconciled to the balance in the traffic account.

B. An unreconciled difference between the bank and book balance of the traffic account has existed for the past several years. The bank reconciliations have documented a cash overage of approximately \$350 in the traffic account for the past several years. Personnel indicated they have attempted on several occasions to make an adjustment to the system to correct this difference, but were unable to explain the cause of the problem. Part of the problem in identifying the cause of this difference is that open items listings are not prepared and reconciled to the cash balance of the traffic account, as noted in part A above.



Court personnel should attempt to determine the reasons for the unidentified balance, and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law.

- C. Procedures are not established to properly investigate and resolve daily cash overages and shortages. Cashiers for civil, criminal, and traffic divisions count their cash drawers and reconcile cash on hand to the day's posted transactions. During a cash count, we identified approximately \$55 maintained in a cash box in envelopes that court personnel explained were net overages from various days' receipts, dating from 2002 to 2006. Apparently, unresolved overages and shortages in a days' receipts from any of the divisions are put into, or taken from, the cash box to reconcile the drawer's receipts to the receipt slips issued. While most of the differences were small, some differences were not explained or documented.

To ensure all receipts are properly accounted for and deposited, the court should adopt procedures to ensure that differences between recorded receipts and transmittals (overages and shortages) are investigated and resolved. In addition, the court should adopt procedures to ensure the overages are deposited and the resolution is documented.

**WE RECOMMEND** the Circuit Clerk:

- A. Ensure an open item listing is prepared and reconciled to the bank and book balances monthly, and disburse any unidentified monies in accordance with state law.
- B. Investigate the unidentified monies in the traffic account and any monies remaining unidentified should be disbursed in accordance with state law.
- C. Ensure personnel investigate and resolve daily overages and shortages, and adopt procedures to ensure the overages are deposited and the resolution is documented.

**AUDITEE'S RESPONSE**

*The Circuit Clerk provided the following responses:*

- A. *The civil/criminal open items comparison to available cash in that account does indicate a problem with the reporting program relative to open items. That reporting problem does not allow the court to pinpoint, by listing, all cases where money is on hold to be paid out based on future orders of the court. That information is available in each case file. The court's books do balance with the bank accounts and the cash is available to pay out based on the future orders of the court. As of April 3, 2006, the court's management system changed to the state's JIS system. Prior to conversion, all monies held by the court, that could, were disbursed. By March 31, 2006, the unidentified open*

*items amount was reduced to \$53,000. To remedy the open items reporting problem in the old system would require the manual review of thousands of files and the updating of a system no longer in use. After the update of the old system it could not be converted into the current JIS system. The cost of manually reviewing and updating the reporting system would be prohibitive given the staffing demands for higher priority court operations. By January 1, 2007, the court will consult with the CPA's from the Office of State Courts Administrator (OSCA) to review and assess procedures for better reporting and balancing of open items in the state's JIS system.*

*The problem with the traffic account versus open items is similar to the reporting problem in the civil/criminal account. The court believes the problem is in the reporting system since the court's books and bank accounts balance (with the exception of \$350 noted below). As noted above, the court will consult with the CPA's from OSCA to review and assess for better reporting of open items in the JIS system.*

- B. The \$350 difference between the book and bank balances in traffic account has been forwarded to the state's unclaimed property account.*
- C. Procedures are now in place to deal with any daily cash overages. That procedure requires any overage that can be identified with a case to be receipted to that account. If the overage cannot be identified to a specific case then the money is receipted to a miscellaneous account. If the amount is under five dollars, it will be paid to the county as allowed by state law. If the overage is over five dollars, it will be forwarded to unclaimed property. Any shortages will be paid from county funds so that no court cases will incur a shortage.*

<b>2. Accrued Costs</b>
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Procedures to monitor and collect accrued court costs for civil, criminal, and traffic cases could be improved.

- The accrued cost listing for criminal cases consists of over 12,000 cases and totals approximately \$1,786,000, and the listing for civil cases consists of over 1,200 cases totaling approximately \$143,000. Although the circuit division does utilize show cause orders, issues warrants for failure to appear, and allows partial payments, additional efforts, such as utilizing a collection agency, have not been pursued to collect amounts due if these procedures are not successful.
- An accrued cost listing for traffic cases is not prepared, although the system is capable of producing a listing monthly. At our request, a listing as of March 31, 2006, was prepared and totaled over \$240,000 and included over 2,200 unpaid traffic tickets. Court personnel indicated if a defendant fails to appear for court, a failure to appear notice is sent to the defendant and if payment is not received within 30 days for an in-state ticket, or 15 days for an out-of-state ticket, a warrant is issued and the defendants' license is suspended. The court has not

adopted specific procedures to ensure these actions are taken, and, based on results of our tests, we determined these actions are not taken consistently on all applicable cases.

While warrants were issued for applicable cases selected for testing, none of the twelve defendants who failed to appear had a notice sent, and only one of twelve licenses was suspended when a warrant was issued. Additionally, 6 of 15 items selected reported an incorrect amount due on the receivable listing, and 4 of the remaining 9 cases had no balance due, although they were included on the listing. Maintaining an accurate receivable listing and developing and implementing specific policies and procedures for the collection of accrued costs are necessary to ensure all costs are collected and to avoid the potential for lost revenue.

Recent legislation has increased the court's opportunities to collect debts owed to the court, and the Circuit Clerk indicated the court has recently begun pursuing other avenues for collecting outstanding debts. The Circuit Clerk should review the status of all old cases, and if all costs have not been received, collection of outstanding amounts should be pursued. Without the active and timely pursuit of unpaid fines and costs, revenues to the state and county could be lost.

**WE RECOMMEND** the Circuit Clerk establish more formal and consistent procedures for pursuing amounts due the court and/or assessing the likelihood of their collection. Additionally, the traffic receivable listing should be reviewed for accuracy and updated.

### **AUDITEE'S RESPONSE**

*The Circuit Clerk provided the following response:*

*As of April 3, 2006, the court changed its management computer system to the state's JIS system. One of the considerations in going to the JIS system was that it would allow the court to efficiently use programs at the state level to collect outstanding costs owed to the court. By January 1, 2007, the court will be participating in the Missouri Court Offset Program and Debt Collection Programs. This will allow for delinquent costs and fines to be taken from state income tax refunds and will also allow for the use of a state contracted collection agency.*

*The problem found by the auditors that resulted in inconsistent application of suspensions and warrants for failure to appear on traffic matters has been resolved. In all traffic cases where the party fails to appear, the Department of Revenue will be properly notified and warrants issued.*

**3.****Juvenile Division Procedures**

The Juvenile Division did not have formal written agreements with some companies and individuals providing services. An off-duty sheriff's deputy provided courtroom and meeting security (\$887), and detention fees charged to another county to hold juveniles (\$3,634) were paid without a contract. The Juvenile Division indicated they charge \$60 a day for detention fees. Formal written agreements are necessary to document each party's duties and responsibilities and to prevent misunderstandings.

Section 432.070, RSMo, requires contracts for political subdivisions to be in writing. The Juvenile Division should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

**WE RECOMMEND** the Juvenile Division enter into written contractual agreements for all services provided.

**AUDITEE'S RESPONSE**

*The Juvenile Officer indicated that as of October 31, 2006, the Clay County Family Court will have a written contract with each county for which we detain juveniles on a regular basis.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

SEVENTH JUDICIAL CIRCUIT  
CLAY COUNTY, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

Organization

The Seventh Judicial Circuit includes only Clay County.

The Seventh Judicial Circuit consists of four circuit judges, three associate circuit judges, and one family court commissioner. The court en banc consists of all divisions of the circuit acting collectively. One circuit judge, elected biennially by secret ballot of the circuit and associate circuit judges, serves as the presiding judge and is responsible for the administration of the circuit.

In addition to the judges, the personnel of the Seventh Judicial Circuit, Clay County, Missouri, include a circuit clerk (who also collects and disburses fees for the associate division), a probate division clerk, a director of court services, a juvenile officer, and various other court personnel.

Operating Costs

The operating costs are paid by the county and salaries of court personnel by the state of Missouri.

Receipts

Receipts of the Seventh Judicial Circuit, Clay County, were as follows:

		Year Ended December 31,	
		2004	2005
Court deposits, fees, bonds, and other	\$	7,681,060	5,286,941
Interest income		2,193	3,009
Total	\$	<u>7,683,253</u>	<u>5,289,950</u>

### Caseload and Time Standards Statistics

From the Office of State Courts Administrator Missouri Judicial Reports, caseload statistics of the filings and dispositions of the Seventh Judicial Circuit, Clay County, were as follows:

	Year Ended June 30,			
	2004		2005	
	Filings	Dispositions	Filings	Dispositions
Civil	11,409	10,472	12,124	11,707
Criminal	12,210	10,181	14,992	11,278
Juvenile	631	235	495	210
Probate	330	231	380	226
Total	24,580	21,119	27,991	23,421

From the Office of State Courts Administrator Missouri Judicial Report for fiscal year 2005, statistics on the compliance of the Seventh Judicial Circuit, Clay County, with time standards for disposition of certain types of cases were as follows:

Type of Case	Time Standard	Seventh	State Total
		Judicial Circuit Clay County, Missouri	
Circuit Civil	90 % in 18 months	71 %	78 %
	98 % in 24 months	78	86
Domestic Relations	90 % in 8 months	79	85
	98% in 12 months	85	91
Associate Civil	90 % in 6 months	81	86
	86 % in 12 months	90	96
Circuit Felony	90 % in 8 months	89	82
	98 % in 12 months	96	94
Associate Criminal	90 % in 4 months	67	72
	98 % in 6 months	82	85

### Personnel

At December 31, 2005, judges, Circuit Clerk, and Juvenile Officer of the Seventh Judicial Circuit, Clay County, were as follows:

Michael Maloney, Circuit Judge, Division I – Criminal  
Rex Gabbert, Circuit Judge, Division II – Civil and Drug Court  
James Welsh, Circuit Judge, Division III – Civil, Juvenile and Family Court  
Larry Harman, Presiding Circuit Judge, Division IV – Civil, Circuit and Criminal

Liz Davis, Associate Judge, Division V – Family Court  
Don Norris, Associate Judge, Division VI – Civil and Criminal  
Janet Sutton, Associate Judge, Division VII – Civil, Criminal and Traffic  
Sherrill Roberts, Commissioner Judge, Division VIII – Family Court  
Stephen Haymes – Circuit Clerk  
Alan Gremler – Juvenile Officer

An organization chart follows:



SEVENTH JUDICIAL CIRCUIT  
CLAY COUNTY, MISSOURI  
ORGANIZATION CHART  
DECEMBER 31, 2005

